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C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 000610

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SUBJECT: EU RELATIONSHIP WITH THE ARAB MAGHREB UNION

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Classified By: Deputy Political Minister Counselor Alyce Tidball for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: The EU considers the Maghreb an area of high priority due to its proximity, its historic ties to Member States, and the role of Maghreb immigrants in the EU. While the EU shares U.S. concerns on CT issues, its primary focus is promoting trade, development and human rights. In January of this year, the EU met formally with the African Maghreb Union (AMU) for the second time. While in theory the EU would like to pursue formal relations with the AMU as one supranational organization to another, the lack of cohesion within the AMU makes this currently impossible. If the Western Sahara issue were to be settled, however, the AMU has the possibility of becoming an effective regional organization and the EU might have a functioning partner in the area. END SUMMARY

¶2. (C) Deputy Pol Minister Counselor and PolOff met council and commission staff, representatives from the Embassies of Algeria and Morocco, and a political officer from the French Permanent Representation to the EU. Topics covered included readouts from the recent EU-AMU summit, summaries of the recent negotiations taking place between the EU and each Maghreb state, and prospects for EU-AMU relations. PolOffs also discussed U.S. priorities for the region and possible areas for U.S.-EU cooperation in the five Maghreb states.

Morocco

¶3. (c) C) The Government of Morocco seeks so-called "advanced status" in its formal relationship to the EU, within the European Neighborhood Policy (ENP) and the Union for the Mediterranean (EuroMed or the Barcelona Process). Commissioner for External Relations Benita Ferrero-Waldner gave some support to this request in a recent public statement when she listed Morocco as one of four neighboring countries with which the EU wants to "deepen" its ties.

¶4. (C) Council Secretariat and European Commission staff members are focused on the role of the monarchy, progressives and Islamic radicals when discussing future Morocco-EU relations. Leonello Gabrici, who covers the Maghreb region in the External Relations directorate at the European Commission (RELEX), said that the king has to show that he,

rather than Islamists, has viable solutions to Moroccan problems, while not alienating social and religious conservatives. If he can successfully keep this balance, Morocco-EU relations can continue to improve.

15. (C) The French are keen to respond to Morocco's desire for a closer relationship with the EU during their presidency, according to Raja Rabia, political officer for the Mediterranean and Near East at the French Permanent Representation to the EU. An Association Council meeting is scheduled for October 2008, in which the French and Moroccans expect to define this relationship better.

16. (C) Embassy of Morocco Political Counselor Badreddine Abdelmouni and Pol Off for EU relations Nacim Tourougui said that Morocco already enjoyed a more important economic and political relationship with the EU than other countries in the region. They pointed to the fact that in the region, only Morocco has an Open Skies agreement with the EU, and that it is the only African nation to have signed on to the Galileo satellite project. They described the as-yet-undefined advanced status as something more than an Association Agreement -- which they have under the ENP -- that will incorporate political, economic, and cultural activities.

Algeria

17. (C) Algeria is a foreign policy challenge for the EU. European Council officials Ruth Kaufmann-Buehler and Milton Nicolaidis cited a recent International Crisis Group (ICG) report which noted greater risk for internal political instability. Gabrici from RELEX said that the EU is "shy" about creating closer ties because of its basic distrust of Bouteflika's leadership. The Commission is also concerned

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about the growing Chinese presence in the economy, as well as investments by Saudi Arabia and the UAE, which could affect European interests. Despite the distrust on both sides, the EU is aware that it needs to work with the GoA, to protect its borders and its access to Algeria's vast gas and oil reserves. Algeria knows it needs to maintain economic ties with Europe, or else risk having its economy "cannibalized" by China. Despite their mutual dependence, Gabrici described the political relations between the EU and Algeria as a "dialogue of the deaf."

Tunisia

18. (C) The French described Tunisia as being the "worst case" in the AMU. In contrast, the Commission representative was much more positive in his outlook. The French concentrated on the absolute lack of political freedom, while the Commission focused on the comparatively healthy state of the economy, the existence of a social welfare net, and the large percentage of the population with a good level of education. The Council called it the most stable state in the Region. Both the Commission and the Council expressed concerns over Ben Ali's leadership, and Gabrici pointed to the lack of an identified potential successor to Ben Ali as a source of potential instability.

Libya

19. (C) Since Libya can't/won't join the European Neighborhood Policy due to Israel's participation, the French told us the EU is looking for a new instrument for formalizing improved relations with the GoL, with a "framework agreement" cited as one possibility. Although the French asked the Commission to research and present options the French Presidency might pursue with Libya, the Commission has not yet responded. French PolOff Rabia gave three

reasons for the EC's hesitation: (1) Libya's atrocious past record on human rights; (2) its links to terrorism; and (3) its opposition to nonproliferation. Gabrici agreed that Libya poses unique challenges, but said that with natural gas reserves worth USD 25 billion or more, Libya could play an important role in achieving European energy security.

Mauritania

¶10. (C) Mauritania participates in the African, Caribbean and Pacific program under DG Development at the Commission, and in the Barcelona process but not in the ENP. Participating in ACP gives Mauritania access to European development funds and privileged access to European markets not available to ENP countries, support both sides agree is necessary, according to French Pol Off Rabia. Its relatively small size and underdeveloped economy led both Commission and Council contacts to ignore its role in EU-AMU relations for the near future.

EU and the AMU

¶11. (C) The Moroccan officials described the substance of the EU-AMU dialogue as "nothing." They claimed responsibility for starting the process, but said to date it had only achieved a process of dialogue and defined some areas of interest for future cooperation. Both EU and Maghreb country officials expressed the hope that UN sponsored deliberations will eventually lead to a settlement of the Western Sahara dispute, and that the AMU can develop into a more effective organization.

¶12. (C) Council Secretariat officials indicated that the AMU is eager to continue the EU-AMU dialogue, because it creates a space for the AMU to meet and cooperate internally. Due to the Western Sahara dispute, Morocco and Algeria have been unable or unwilling to commit to high level internal AMU meetings. However, the supra-national character of the two "unions" demands that AMU leaders work together in this case. The AMU leaders apparently hope getting national leaders to the table for this event will be a first step in improving regional integration.

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¶13. (C) Gabrici sees some significant obstacles, though, to closer EU-AMU ties. Chief among them is the skepticism on each side whether the other side can be trusted and is acting in good faith. While as recently as ten or fifteen years ago, large segments of the European and Maghreb population believed closer ties would benefit everyone, changes such as the rise of anti-Islamic and anti-immigrant sentiment in Europe, and the emergence of terrorist groups such as Al-Qaeda in the Lands of the Islamic Maghreb (AQIM), have fueled distrust on both sides as well as an apparent wish to maintain a safe distance.

¶14. (C) However both European and Maghreb governments see advantages to closer cooperation, and the ENP has given them some useful tools not previously available under the Barcelona process. For example, under the ENP each country in partnership with Europe develops its own plan of reform, setting its own priorities and timelines, and seeks European financial and technical assistance in achieving these goals. This structure gives the EU much better leverage when pushing governments to live up to their commitments and schedules, since they are not imposed from without. The action plans at the national level also create the opportunity for greater coordination in each country's development sector. Finally, successfully reaching the benchmarks of an action plan lets the European Union use the "more carrots, fewer sticks" approach that it prefers. Both Jordan and Morocco saw their annual grants from the EU increase approximately 20 per cent because of their improvements in governance, education and

other sectors. Funding for Jordan increased from 110 million Euro for 2005-2006 to 265 million for 2007-2010 (from 55 million per year to 66.25 million); funding for Morocco went from 275 million Euro in 2005-2006 to 654 million for 2007-2010 (from 137.5 million per year to 163.5 million).

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